

School Finance Hearing

Monday, April 23, 2018

My name is Tanya Kotlowski, and I am the superintendent of the Necedah Area School District, residing in the 17th Senate District. Necedah is a small rural community, serving 700 total 4K-12 grade students.

Our community demographics is comprised of approximately 42% of our population as 45 years of age and older, with 16% of that population as 65 years of age and older. With an aging population, we have many citizens in our community on a fixed income. To create greater financial complexity, over 50% of our student population receives free and reduced lunch, so this percentage of our population also experiences some level of financial difficulty. We are also a negative tertiary aided school district, primarily because of our decrease in enrollment and increase in property wealth.

This information becomes important in how schools are funded, as Necedah is also home to Castle Rock Lake, the fourth largest lake in Wisconsin. With this natural resource, Necedah's property wealth does not depict the economy of our small rural community, specifically, those on fixed income or living in poverty, yet property wealth plays a significant factor in our local taxpayers burden. As a matter of fact, we just passed an operational referendum on April 3, coming off a failed operational referendum last spring. Our community voted not only for the children in our community, but also the economic viability of our small community. Our community recognizes the correlation between the quality of a public school and community prosperity.

The revenue caps imposed on our school creates an additional challenge for Necedah. Our school district was a fairly conservative spending district when the revenue cap was put in place. Our current per pupil cost is \$9,589 per student, which places us in the lower 50th percentile in our state, yet our costs for educating students continues to rise, especially given the social emotional needs of children from a high poverty school district. Our special education needs continue to rise, with almost 20% of our current population receiving special education services. Our general fund transfer line this past year was over 1 million dollars, with an overall district budget of \$8,500,000.

Our District expenditures are almost identical to that of 2012-13, and we are currently only 25 students less than that fiscal year's enrollment. With decreased student enrollment over the past 5 years, across the span of all 13 grade levels, we are unable

to realize significant cost savings without impacting the quality of education we offer our children.

Also complicating matters is the fact that we are experiencing increased costs to do the most important work in our world, educating our youth. The increased costs have come not only as a cost of living expense, but also increasing mental health needs. We have too many young lives impacted by childhood trauma, which is more prevalent in small rural communities of poverty, where wrap around services are minimum to none. We need to begin to support the increased financial needs of our rural schools, to address the mental health needs of our children. Our local small rural communities do not have these resources for children or families, so our schools must step up to serve these needs.

Lastly, I am very supportive of total public transparency around ensuring our community sees a “return on their investment” in our schools. Primarily, this return is seen in achievement data related to our State School Report Card. I caution us in how we use this information, as Necedah MS/HS and our collective District report card were considered unreliable this past fall. With a low student count, along with a high percentage of free and reduced students, we have a high level of volatility, which in turn creates unreliable data. Our MS/HS report card shifted by 13.6 points. The fluctuation on this school report card was so significant, that the Department of Public Instruction notes the significant change by placing a caret ^ next to the accountability rating. This notation suggests it is unclear if the score change accurately reflects an actual change in student performance. I would argue it does not, yet our community views this data as a lack of return on their investment. Until we can remove this level of statistical volatility on our State Report Card, should we ever use this data to communicate with our communities whether or not they are getting a positive return on their investment.

In summary, I am concerned about our broken funding formula in terms of how property wealth impacts the formula, but our demographics of our small rural community to not represent that of our property wealth. I am concerned about the increasing costs of educating a child, with a revenue cap that forces us to choose between academic priorities or social emotional priorities. Our children deserve to have access to both. Lastly, I continue to be concerned about how we are moving to connect our state report card with our finance system. Although I support this transparency, until we fix the statistical volatility of our report card, should we make the connection to a return on a taxpayer's investment. This notion of cause/effect would be detrimental to ensuring we build community trust. Thank you for allowing me time to share my

concerns around school finance. I love our State, and my community. Our children deserve, regardless of zip code, the very best public education in our nation. I am counting on our legislators to help to address our funding barriers, so my children and community get the same advantages of other schools in our State. I am happy to support the school finance work in our state in any way possible. Thank you.

Possible Solutions:

- If a school district passes a referendum, and the district is a negative tertiary aided district, allow the increase in tax levy through referenda to be fully realized. The taxpayers in the district passing a referendum should be able to fully realize the benefits of their commitment approved through the electoral process.
- Consider another variable in the funding formula that might take into consideration the true demographics of a community, in addition to enrollment and property wealth. The current methodology can be very misleading when it comes to the proportionality of state aid and local tax impact. Just because our property wealth is high doesn't mean our local taxpayers can afford a greater portion of the authorized levy.
- If a district has taken advantage of energy efficiency upgrades, allow the school district to truly realize the savings of this investment.
- Special Education funding is a deep concern. I do not have a solution; however, I know this continues to be an issue with the increasing needs of our students.